tained and agreed on, it would still be important to the discussion to know the amount then in existence. We only know in respect to Europe that the great abundance of the precious metals at the time of the Roman empire was succeeded by the extreme scarcity of the middle ages; and of the east we know comparatively nothing. The few oriental travelers prior to the discovery of America gave glowing and possibly exaggerated accounts of the great wealth of the east in gold, silver, and jewels, but they furnish no reliable data upon which to base estimates. Even if the exact amount of the precious metals existing in 1492 and the amount that has been produced since were known, the amount consumed since in the arts and by abrasion and loss would still be indeterminate. and the proportionate amounts of gold and silver respectively in the stock would remain uncertain. Even if the relative production of gold and silver in past periods were known, their relative amounts in existing stocks could not be assumed to be the same, as the proportionate amount of each lost and consumed in various ways may have been essentially different.

It is agreed that the proportion of gold in the stock of the precious metals has immensely increased since 1849.

Before that year it was ordinarily estimated that silver was in excess in the world's stock in the proportion of three to one, and in the stock of the western world (meaning by that, Europe, America, and the civilized portions of Africa) in the proportion of two to one. All authorities agree that in the stocks of the western world the proportions are reversed, and that gold is now in excess. In 1866 Chevalier fixed the proportion in the western world at forty-four of gold to thirty of silver. Xeller fixed it at the same time at thirty-seven to twenty-eight. The proportion of gold has increased since then.

At any rate, there has been since 1848 a complete reversal of the old proportions of gold and silver in the supplies, and a very large change of proportions in the stock of the precious metals, and, notwithstanding these facts, the relative value of the two metals remained substantially steady until within two years.

Deficiency of the silver production since 1848 made up so far from the silver stock held in Europe in 1848.

The relative deficiency in the production of silver since 1849 has been made up, so far, by the quantities released from the circulations of Europe and the United States, and the relative excess in the production of gold since 1849 has been absorbed into the circulations of Europe and America. If this releasing of silver from, and absorbing of gold into, the circulations of Europe and the United states could go on indefinitely, the time would never come when the Asiatic demand would raise the price of silver. But Europe and the United States can release silver only so long as they have any to release, and this process must end when the substitution of gold for the silver in their circulations is completed.

In France the metallic circulation has always been large, and consisted almost entirely of silver when the California and Australian gold fields were discovered. After those discoveries silver was exchanged for gold until the major part of the French circulation became gold, and is so now. From 1856 to 1867 not a single full tender silver coin was minted in France, although its mint was open to anybody that had silver bullion. Jevons estimates that, down to 1859, \$500,000,000 of the Australian and California gold had been absorbed in the French circulation, and a nearly corresponding amount of silver displaced and made disposable for the markets of the world. Mint returns would justify a higher estimate. During the seventeen years of the reign of Louis Philippe, ending with the date of the California discovery, the total French gold coinage was £8,600,000, making an annual average coinage of £500,000. From 1850 to 1858, both inclusive, the total French gold coinage was £129,587,735, making an annual average of £14,343,082. The increase in the coinage during these nine years over and above the total coinage during the preceding seventeen years was £120,987,-735. The total French gold coinage from 1848 to 1871, both inclusive, was £259,801,000, or \$1,261,000,000, rating the pound at \$4.85.

Professor Hansen, of the Berlin University, said in 1868:

> Europe, or rather the whole civilized world, is indebted to French law for its escape from the perturbations in the relative prices of gold and silver, threatened by the enormous arrivals from Australia and California.

The exchange of silver for gold in the circulation of various countries in Europe has been steadily progressing ever since "the enormous arrivals from California and Australia" made gold the most available metal. There has been in addition a displacement of silver without a substitution of gold, by the suspension of specie payments in Russia (1857), Austria (1868), and Italy (1866), the two first being silver standard countries, and the last being a double standard country. The exchange of silver for gold under the operation of the double standard was easy and natural. It was injurious to no interest and did not affect the relative value of the precious metals, until the German law of 1873 demonetizing silver came into practical effect. Even that law could not have affected the relative value of the metals if other nations in Europe had not restricted and suspended the coinage of silver. The Latin union agreed upon a restriction in January, 1874, before the relative value of the metals was affected at all, and nobody can doubt that France alone, which had absorbed in nine years after the California discovery, five or six hundred million dollars in gold, could have absorbed the \$100,000,000 of silver, which Germany has occupied four years in selling, without a disturbance of the relative value of the metals. But in any event, whether the displacements of silver from the European circulation have arisen from substitution of gold, suspensions of specie payments, demonetization of silver, or closure of mints against its coinage, the process must come to an end when all the silver which can possibly be spared consistently with the requirements of a subsidiary coinage is disposed of. This end is practically reached already if France adheres to the double standard, and is not very far off if France demonetizes silver, as it has no such quantity of that metal as it had in 1849.

If the exchange of silver for gold shall still continue in Europe, it will be no new force acting on the market, but a force which has been acting without interruption since the California and Australian discoveries. It can only continue until the present very much reduced stock of European silver which is disposable shall be exhausted. It is a force which has no novel or undefinable terrors. We know its exact gauge and measure by an experience of nearly thirty years. The utmost it has been able to effect, leaving out of view the recent short period of panic in the silver market, has been to preserve substantially undisturbed the same relative values of the metals that have existed for about two centuries.

In 1849 nearly the entire mass of the metallic money of the continent of Europe consisted of silver, the gold standard being confined to Portugal and to the island of Great Britain. Holland and Russia were single silver standard countries. The double standard existed legally elsewhere, but the quantity of gold in circulation was very small. If the Asiatic demand for silver had not existed the new gold received after 1849 would have been simply an addition to the general mass of metallic money in Europe, and could not have affected the relative value of gold and silver, as both were concurrent in the circulation. But by reason of the Asiatic demand for silver, that metal was withdrawn from the European circulation, and its place supplied by gold. This withdrawal of silver diminished, of course, the aggregate volume of the two metals in Europe. The law of the double standard made the entire operation easy and automatic. As the laws invested silver and gold equally with the monetary function at a stated equivalency, it was of no consequence which metal was retained and which displaced. The absorption of gold by Europe tended to check a depreciation in its relative value from excessive production. The exportation to Asia of the surplus current supply of silver and the displaced stocks of Europe tended to check a rise in the value of silver in Asia. No interest was injured. On the contrary, the interests of both Europe and Asia were conserved.

It is plain that within the past thirty years the Asiatic demand and the demand of the arts, and the abrasion and loss of coin have absorbed not only all the current supplies of silver, but also the larger part of the stock of that metal existing in Europe in 1849. These absorbing and consuming forces still continue undiminished. There can be no reasonable doubt, the European stock now being nearly exhausted, that these forces unaided will be powerful enough in the near future to overcome the effects of the German demonetization of silver, and neutralize the effects of the general closure of the mints against it, and to restore the relation of value between the metals which has existed during the greater part of this century.

There are no large stocks of silver in coins and bars anywhere outside of what is in actual and active circulation. In the great banks of the world, except in the bank of France, there is but very little, and in that institution there is only about two fifths as much as of gold. In this country, the whole amount outside of plate and the subsidiary coinage is estimated by the director of the mint not to exceed \$3,000,000. There is but little in London, and none at all in Paris, except in coins. The London *Economist* (December 9, 1876) says the stock there has run down, because "all dealers are fearful of keeping any amount on hand;" and the Paris correspondent of the same journal, writing two days before, says:

> Bar-silver is in demand, but *there is none in Paris*. Dealers sell at equal to 56¾ per ounce for English standard silver, *but orders have to be executed in London*.

The fact that has needed all the silver liberated in Europe, by demonetization, and suspension of specie payments, in addition to the annual supply, to prevent a rise in its value relatively to gold, is explained and confirmed by such approximate estimates as can be made of the annual absorption of silver in plate and in the arts, and by the abrasion and loss of coin.

(To be continued.)

Success For the Monetary Conference.

Some time ago it was announced in the *Journal of Finance* that Mr. William Lidderdale, governor of the Bank of England, was about to visit the United States for the purpose of sounding the sentiment in this country among financiers and statesmen regarding the silver question. After a great deal of hesitation, the English government had been persuaded to join in the forthcoming international monetary conference at Brussels, this determination being chiefly reached on the rapidly growing demand from bi-metallists in Great Britain for some solution by the nations of the world of the vexed silver question.

As a result of this decision, Mr. Lidderdale was deputed by the English government to visit this country and consult with the treasury officials of the United States. Mr. Lidderdale is now in the country, and is collecting a vast fund of information for the use of the English representatives at the coming conference. At present he is in Chicago, and he is there quoted as saying:

"All the European governments will attend the projected international conference, and the English representatives have been appointed. Some of them favor bi-metallism, and others are monometalists. I read in the papers that Mr. Lincoln reports a feeling in favor of bimetallism to have grown up in England. It must have arisen since I left. Except in Lancashire, where they are suffering some from the silver question on account of the India trade, I did not see much sentiment in favor of bimetallism.

"While I do not care to express any decided opinion, I do not think you will adopt the free coinage scheme. You can stamp a piece of silver 'one dollar' and make it acceptable for 100 cents here, but you cannot make that piece of silver worth more than its real value abroad. I believe your silver dollar is now worth in the markets less than 80 cents. If you were to stop buying 4,500,000 ounces of silver a month to coin into dollars, it would drive more bullion abroad, and in that way effect the silver market."—*Journal of Finance, October 27.*

Subscribe for the ADVOCATE.